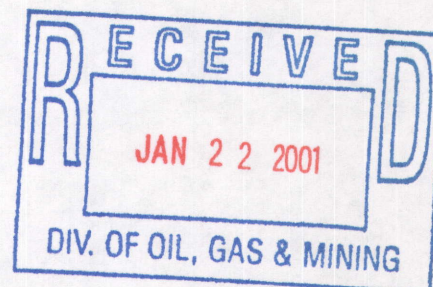


*m/001/027*

January 16, 2001

Mr. Timothy L. Hall, Vice President
Basin Perlite Company,
1776 Lincoln Street, Suite 900
Denver, Colorado 80203

Dear Mr. Hall;

Lyntek has completed an estimate of the cost to complete the demolition of the Basin Perlite production facility at Milford, Utah. The total cost is \$192,483. The detail of the estimate and the summary sheet are attached.

The cost includes the demolition and removal from the site of the complete facility including both the existing facility and the proposed plant expansion. Lyntek has not included a cost for any site reclamation. Further, it is assumed that:

- a) Water, sewer, and fire main pipelines will not be removed;
- b) The railroad spur will not be removed;
- c) There is no credit for used equipment sales or scrap value.

Lyntek is a company of engineers and constructors based in Denver, Colorado. The company is qualified to perform demolition estimates because of its eighteen years of experience in the design, construction, and demolition of mineral processing facilities in the western states of the USA.

Sincerely,

Rod C. Smith, PE for Lyntek